



Aurora R. Valenti
TOMPKINS COUNTY CLERK

320 North Tioga Street
Ithaca, NY 14850
(607) 274-5431
Fax: (607) 274-5445

Instrument Number
527846-002

No. of Pages: 5

Delivered By: CHESAPEAKE APPALACHIA LLC

Receipt No. 527846

Return To:
CHESAPEAKE APPALACHIA LLC

DATE: 06/23/2008

Time: 03:12 PM

Document Type: MISC RECORDS

Parties To Transaction: WEATHERBY TO COLUMBIA

Deed Information

Mortgage Information

Consideration:

Mortgage Amount:

Transfer Tax:

Basic Mtge. Tax:

RETT No: 00000

Special Mtge. Tax:

County Transfer Tax:

Additional Mtge. Tax:

State of New York
Tompkins County Clerk

Mortgage Serial No.:

This sheet constitutes the Clerk endorsement required by Section 316-A(5) & Section 319 of the Real Property Law of the State of New York. DO NOT DETACH

Aurora R. Valenti

Tompkins County Clerk



3-211685-000

Receipt # 4393
Instrument # 2514
No. Pages: 4 37.00



Christina L. Lotz
Seneca County Clerk
1 DiPronio Drive
Waterloo, NY 13165

Type of Document:
Oil & Gas Lease

Return To:

Columbia Natural Resources, Inc.,
900 Pennsylvania Avenue
P.O. Box 6070

Charleston, WV 25362-0070

Parties to Transaction:

Robert A. Weatherby

Holly C. Weatherby

Columbia Natural Resources, Inc.

Mortgage Amount \$

Mtg Serial #

Basic Mtg Tax \$

Net Addl Tax \$

Total Mtg Tax \$

I hereby certify that I
have received the above
imposed tax paid at
the time of recording.

By: _____
Recording Officer Seneca County

Location of Property:

City:

Village:

Town: Covert

Apportionment:

Consideration \$ 0.00

Rett Amount \$ 0.00

Rett # 11:0

State of New York)
County of Seneca) SS:

Recorded on 16 day of May
2003 at 2:46 o'clock P.M.
in Liber 665 of Deed
at page 300

Christina L. Lotz Clerk

SENeca COUNTY
CLERK'S OFFICE
2003 MAY 16 P 2:46

LIBER 665 PAGE 300

OIL & GAS LEASE

Lease No 3211683/000

12/00 - NY

This Lease made this 10 day of May, 2003 by and between:

Robert A. Weatherby and Holly C. Weatherby, husband and wife

4200 Seneca Road, Trumansburg, New York 14836

hereinafter collectively called "Lessor" and COLUMBIA NATURAL RESOURCES, INC., 900 Pennsylvania Ave., P.O. Box 6070, Charleston, WV 25362, hereinafter called "Lessee".

WITNESSETH, That for and in consideration of One Dollar (\$ 1.00) an other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and of the mutual covenants and agreements hereinafter set forth, the Lessor and Lessee agree as follows:

LEASING CLAUSE. Lessor hereby leases exclusively to Lessee all the oil and gas and their constituents, whether hydrocarbon or non-hydrocarbon, underlying the land herein leased, together with such exclusive rights as may be necessary or convenient for Lessee, at its election, to explore for, develop, produce, measure, and market production from the Leasehold, and from adjoining lands, using methods and techniques which are not restricted to current technology, including the right to conduct geophysical and other exploratory tests; to drill, maintain, operate, cease to operate, plug, abandon, and remove wells; to use or install roads, electric power and telephone facilities, and to construct pipelines with appurtenant facilities, including data acquisition, compression and collection facilities for use in the production and transportation of products from the Leasehold and from neighboring lands across the Leasehold, and such rights shall survive the term of this agreement for so long thereafter as operations are continued; to use oil, gas, and non-domestic water sources, free of cost, to store gas of any kind underground, regardless of the source thereof, including the injecting of gas therein and removing the same therefrom; to protect stored gas; to operate, maintain, repair, and remove material and equipment.

DESCRIPTION. The Leasehold is located in the Town of Covert & Ulymes in the County of Seneca & Tompkins, in the State of New York, and described as follows:

and is bounded formerly or currently as follows:

On the North by lands of See attached Exhibit "A" for description

On the East by lands of _____

On the South by lands of _____

On the West by lands of _____

including lands acquired by _____ from _____, dated _____, and recorded in _____ Book _____, at page _____, and described for the purposes of this agreement as containing a total of

102.76 acres, whether actually more or less, and including contiguous lands owned by Lessor.

LEASE TERM. This Lease shall remain in force for a primary term of Five (5) years from May, 2003, and for as long thereafter as prescribed payments are made, or for as long thereafter as operations are conducted on the Leasehold in search of or production of oil, gas, or their constituents, or for as long as a well capable of production is located on the Leasehold, or for as long as extended by provision herein, or for as long as the Leasehold is used for the underground storage of gas, or for the protection of stored gas. If after the primary term the last producing well on the Leasehold is plugged and abandoned, the Leasehold will remain under lease for an additional period of one year from the date of plugging and abandonment, subject to the payment of delay rental.

PAYMENTS TO LESSOR. Lessee covenants to pay Lessor, proportionate to Lessor's percentage of ownership, as follows:

(A) **DELAY RENTAL.** To pay Lessor as Delay Rental at the rate of Three (3.00) dollars per net mineral acre per year payable annually in advance, beginning on May 20, 2003, and continuing thereafter until the commencement of Royalty payments. Delay Rental paid for time beyond the commencement date of Royalty payments shall be credited upon the Royalty payment. Upon Conversion to Storage, Delay Rental payments shall be reestablished.

(B) **ROYALTY.** To pay Lessor as Royalty, less all taxes, assessments, and adjustments on production from the Leasehold, as follows:

1. **OIL.** To deliver to the credit of Lessor, free of cost, a Royalty of the equal one-eighth part of all oil and any constituents thereof produced and marketed from the Leasehold.

2. **GAS.** To pay Lessor an amount equal to one-eighth of the revenue realized by Lessor for all gas and the constituents thereof produced and marketed from the Leasehold during the preceding month. Lessee may withhold Royalty payment until such time as the total withheld exceeds fifty dollars (\$50.00).

(C) **DELAY IN MARKETING.** In the event that Lessee does not market producible gas, oil, or their constituents from the Leasehold, Lessee shall continue to pay Delay Rental until such time as marketing is established, and such payment shall maintain this lease in full force and effect to the same extent as payment of Royalty.

(D) **SHUT-IN.** In the event that production of oil, gas, or their constituents is interrupted and not marketed for a period of six months, and there is no producing well on the Leasehold, Lessee shall thereafter, as Royalty for constructive production, pay a Shut-in Royalty equal in amount and frequency to the Delay Rental until such time as production is re-established and payment shall maintain this lease in full force and effect to the same extent as payment of Royalty. During Shut-in, Lessee shall have the right to rework, stimulate, or deepen any well on the Leasehold or drill a new well on the Leasehold in an effort to re-establish production, whether from an original producing formation or from a different formation. In the event that the production from the only producing well on the Leasehold is interrupted for a period of less than six months, this lease shall remain in full force and effect without payment of Royalty or Shut-in Royalty.

(E) **DAMAGES.** Lessee will remove unnecessary equipment and materials and reclaim all disturbed lands at the completion of activities, and Lessee agrees to repair any damaged improvements to the land and pay for the loss of crops or marketable timber.

(F) **MANNER OF PAYMENT.** Lessee shall make or tender all payments due hereunder by check, payable to Lessor, at Lessor's last known address, and Lessee may withhold any payment pending notification by Lessor of a change in address.

(G) **CHANGE IN LAND OWNERSHIP.** Lessee shall not be bound by any change in the ownership of the Leasehold until furnished with such documentation as Lessee may reasonably require. Pending the receipt of documentation, Lessee may elect either to continue to make or withhold payments as if such a change had not occurred.

(H) **TITLE.** If Lessee receives evidence that Lessor does not have title to all or any part of the rights herein leased, Lessee may immediately withhold payments that would be otherwise due and payable hereunder to Lessor until the adverse claim is fully resolved.

(I) **LIENS.** Lessee may at its option pay and discharge any past due taxes, mortgages, judgments, or other liens and encumbrances on or against any land or interest included in the Leasehold; and Lessee shall be entitled to recover from the debtor, with legal interest and costs, by deduction from any future payments to Lessor or by any other lawful means.

(J) **LIMITATION OF FORFEITURE.** This Lease shall never be subject to a civil action or other proceeding to enforce a claim of forfeiture due to Lessee's alleged failure to perform as specified herein, unless Lessee has received written notice of Lessor's demand and thereafter fails or refuses to satisfy Lessor's demand within 60 days from the receipt of the notice.

UNITIZATION. Lessor grants Lessee the right to pool, unitize, or combine all or parts of the Leasehold with other lands, whether contiguous or not contiguous, leased or unleased, whether owned by Lessee or by others, at a time before or after drilling to create drilling or production units either by contract right or pursuant to governmental authorization. Lessee is granted the right to change the size, shape, and conditions of operation or payment of any unit created. Lessor agrees to accept and receive out of the production or the revenue realized from the production of such unit, such proportional share of the Royalty from each unit well as the number of Leasehold acres included in the unit bears to the total number of acres in the unit. Otherwise, except for Free Gas, drilling, operations in preparation for drilling, production, or shut-in production from the unit, or payment of Royalty or Delay Rental shall have the same effect upon the terms of this Lease as if a well were located on the Leasehold. If the total unitized Leasehold acreage is less than 50 percent of the total Leasehold acreage, Delay Rental will continue to be paid on the non-unitized acreage.

FREE GAS. Upon approval of Lessor's request for free gas and has execution of an Agreement for Delivery of Free Gas and Overburn Gas, one Lessor may lay a line to any producing gas well on the leased premises and take two hundred thousand (200,000) cubic feet of gas per year free of cost for domestic use in one dwelling on said lands at Lessor's own risk and subject to the use and right of abandonment of the well by Lessee. All overburn gas shall be paid for by said Lessor at the current established retail rate in the area.

FACILITIES. Lessee shall not drill a well within 200 feet of any structure located on the Leasehold without Lessor's written consent. Lessor shall not erect any building or structure, or plant any trees within 200 feet of a well or within 25 feet of a pipeline without Lessee's written consent. Lessor shall not improve, modify, degrade, or restrict roads and facilities built by Lessee without Lessee's written consent.

CONVERSION TO STORAGE. Lessee is hereby granted the right to convert the Leasehold to gas storage. At the time of conversion, Lessee shall pay Lessor's proportionate part for the estimated recoverable gas remaining in the well using methods of calculating gas reserves as are generally accepted by the natural gas industry, and Lessor shall be paid Delay Rental for as long thereafter as the Leasehold is used for gas storage or for protection of gas storage.

EXHIBIT "A"

Tax Map # 13-1-1.2 29.96 acres Ref: 604/658 Town of Ulysses

North by: Seneca County Line

East by: Assy

South by: Town of Ulysses: Zabawsky

West by: Village of Trumansburg

Tax Map# 20-1-57.211 45.60 acres Ref: 460 / 187 Town of Covert

North by: Rainsford

East by: Rainsford: Potenza; Kellogg

South by: Town line Road

West by: Brown: State Rt 96

Tax Map# 21-1-49 27.20 acres Ref: 483/122 Town of Covert

North by: King

East by: Oros

South by: Town Line Road

West by: County Road 144

TITLE AND INTERESTS. Lessor hereby warrants generally and agrees to defend title to the Leasehold and covenants that Lessee shall have quiet enjoyment hereunder and shall have benefit of the doctrine of after acquired title. Should any person having title to the Leasehold fail to execute this Lease, the Lessee shall nevertheless be binding upon all persons who do execute it as Lessor.

LEASE DEVELOPMENT. There is no covenant to develop the Leasehold within a certain time frame, and there shall be no Leasehold forfeiture for applied covenant to produce. Provisions herein constitute full compensation for privileges herein granted.

COVENANTS. This lease and its expressed or implied covenants shall not be subject to termination, forfeiture of rights, or damages due to failure to comply with obligations if compliance is prevented by federal, state, or local law, regulation, or decree.

ARBITRATION. In the event of a disagreement between Lessor and Lessee concerning this lease, performance thereunder, or damages caused by Lessor's operations, settlement shall be determined by a panel of three disinterested arbitrators. Lessor and Lessee shall appoint and pay the fee of one each, and the two so appointed shall appoint the third, whose fee shall be borne equally by Lessor and Lessee. The award shall be by unanimous decision of the arbitrators and shall be final.

ENTIRE CONTRACT. The entire agreement between Lessor and Lessee is embodied herein. No oral warranties, representations, or promises have been made or relied upon by either party as an inducement to or modification of this Lease.

SURRENDER. Lessee may surrender and cancel this Lease as to all or any part of the Leasehold by recording a Surrender of Lease, and if a partial surrender, the Delay Rental provided in the PAYMENTS clause shall be reduced in proportion to the acreage surrendered.

SUCCESSORS. All rights, duties, and liabilities herein benefit and bind Lessor and Lessee and their heirs, successors, and assigns.

IF THIS LEASE BECOMES FORFEITED, TERMINATED, OR EXPIRES, THE LESSEE, OR IF THE LEASE HAS BEEN ASSIGNED, THE ASSIGNEE IS REQUIRED TO PROVIDE A DOCUMENT CANCELING THE LEASE AS OF THE RECORD, AT NO COST TO THE CURRENT LANDOWNER. IF THE LESSEE OR ASSIGNEE FAILS TO CANCEL THE LEASE, THE CURRENT LANDOWNER MAY COMPEL A CANCELLATION PURSUANT TO SECTION 15-304 OF THE GENERAL OBLIGATION LAW.

The lessee's rights hereunder are subordinate to that certain oil and gas lease dated May 20, 1998 and recorded in Liber 174, at page 662 and Lessee shall have no right of entry or possession for the purposes of exercising Lessee's rights hereunder during the term of such prior lease.

IN WITNESS WHEREOF, Lessor hereunto sets hand and seal.

Peter D. Duffy
Peter D. Duffy

By: Robert A. Weatherly
Robert A. Weatherly

By: Holly C. Weatherly
Holly C. Weatherly

Document prepared by: Columbia Natural Resources, Inc., P.O. Box 6070, Charleston, West Virginia 25362-0070.

Please return original document to: Prospect Land Service 9886 Kingston Road Trumansburg, NY 14886.

ACKNOWLEDGEMENT OF SUBSCRIBING WITNESS

STATE of NEW YORK)
COUNTY of ONTARIO) ss:

On the 12th day of May in the year 2003 before me, the undersigned, a Notary Public in and for said State, personally appeared Peter D. Duffy, the subscribing witness to the foregoing instrument, with whom I am personally acquainted, who, being by me duly sworn, did depose and say that he resides in Rushville, New York; that he knows Robert A. Weatherly and Holly C. Weatherly to be the individual(s) described in and who executed the foregoing instrument; that said subscribing witness was present and saw said Robert A. Weatherly and Holly C. Weatherly execute the same; and that said witness at the same time subscribed his name as a witness thereto.

Cynthia DeY
Notary Public

My commission expires: _____
CYNTHIA DEY
Notary Public, State of New York
Ontario County Reg #4804368
Commission Expires Nov. 20, 20 06

STATE OF NEW YORK
Seneca County Clerk's Office } ss.:
Waterloo, N.Y.

I, Christina L. Lotz, clerk of said County Of Seneca, do hereby certify that the foregoing is a true copy of the original record now remaining in said office of a certain 011 E 620 Le 228.....
that I have compared the same with said original record, and find it to be a correct transcript therefrom and of the whole thereof

Witness my hand and Seal of office, this 29 day of May 2008.....
Christina L. Lotz..... Clerk
..... Deputy